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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
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July 8, 2014

The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street, NW
Washington, DC 20554

Dear Chairman Wheeler:

Nearly two decades ago, we worked hard to create the E-Rate program. This program has been one of the crowning achievements of the Telecommunications Act of 1996, and is essential to providing Internet connectivity to schools and libraries. We write to you today because while we are proud of the extraordinary history of this program, we want to ensure that its future is even brighter.

E-Rate has fundamentally transformed education in this country. When we created E-Rate in 1996, barely 14 percent of classrooms had access to the Internet. Today, nearly all schools around the country are connected to the Internet, and it is now a standard part of the learning experience.

Just as important, E-Rate has provided connectivity to American libraries to advance their mission to serve as employment gateways, places for civic engagement, and centers for lifelong learning. These institutions are vital outlets to connect all Americans, including millions of Americans in rural parts of the country.

We are pleased by reports that you appear to be proposing a number of common sense reforms to cut red-tape and update the E-Rate program. In particular, we ask that you develop a way to support multi-year applications that help minimize paperwork for E-Rate applicants. However, we have serious concerns regarding some aspects of your proposal that we hope you will address.

First, we can all agree that Wi-Fi technology can bring the full benefits of digital learning to students and library users. However, because Wi-Fi enhances connectivity for institutions that have broadband, its profound impact cannot be felt where there is no broadband to support it. That is why any permanent changes to program rules to support Wi-Fi need to be carefully balanced.

Efforts to make Wi-Fi technology ubiquitous in our schools and libraries cannot come at the expense of the already limited funding that keeps these institutions connected. It would be ill-advised to guarantee a permanent set-aside for Wi-Fi, if that set-aside could end up cannibalizing funding for basic Internet connectivity. In practice, without additional program funding, such a set-aside could upend the priority structure that has long-served the E-Rate program by shortchanging funding for Internet connectivity in the country's poorest and most rural schools in favor of funding Wi-Fi technology everywhere.

As you know, in the past, full funding for basic Internet connectivity has required roll over funds. Moreover, demand for basic broadband connectivity is only going to increase in the coming years. If your proposal earmarks all roll over funds for Wi-Fi, those basic broadband connections for our schools and libraries that rely on E-Rate are in jeopardy. Accordingly, all basic Internet connectivity requests under Priority 1 should be honored before Wi-Fi funding is made available.

Similarly, any proposal to change the E-Rate distribution mechanism should not fundamentally alter the program's values. We are concerned by reports that your proposal would radically alter the program by adopting per student or per square foot funding models for Wi-Fi. We are opposed to the use of such per student or square foot distribution mechanisms for any aspect of E-Rate because it is not an effective means of getting resources to schools and libraries with the greatest need. Moreover, a one-size-fits-all approach would disempower schools and libraries from addressing their highly localized conditions. One of the reasons E-Rate has been so successful is that schools and libraries are able to contract with local providers for their unique needs within the confines of the program. To the extent that you make adjustments to support for Wi-Fi, we ask that you consider it a two-year test project, subject to further review, rather than a broader departure from the need-based system that has made the existing E-Rate program a success.

Significantly, our worries are shared by schools and libraries, both urban and rural, and the educators and librarians who work at these institutions. It is crucial for you to work with members of our nation's education community to address their concerns. They are on the front lines of this program in classrooms and libraries across the country. We take their input seriously and ask you to do the same, because their continued support of the E-Rate program is essential.


Finally, the permanent funding cap for the E-Rate program needs to be raised. Because of its success, the E-Rate program has not been able to keep up with the overwhelming needs of schools and libraries. Demand for funds from the program consistently outstrips supply by a factor of two-to-one. Furthermore, the program cap has not fully kept pace with inflation. While other universal service programs at the Commission have grown substantially during the last two decades, the E-Rate program has been frozen at a level designed for the dial-up era. Of course, some will argue that the program should be frozen in time, but this type of thinking does our

children a disservice. If we want to compete as a nation, it starts in our classrooms and libraries where every child must be able to take full advantage of the power of technology.

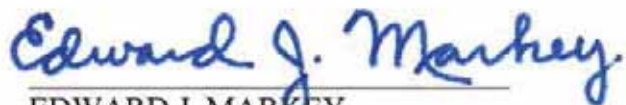
We find it unfortunate that the proposal you are considering does not appear to address permanent funding changes to put the E-Rate program on a solid financial foundation for the future. The need for additional long-term funding for this program demands action. Thus, no matter the outcome of the E-Rate program updates you are currently considering, we will continue to work with you to secure the support required to meet the present and future broadband needs of our schools and libraries.

As the founders of the E-Rate program, we applaud your commitment to schools and libraries across the country. Nothing short of our international competitiveness and children's future are at stake with E-Rate modernization. That is why it is so important for you to take the time necessary to get this right. We trust that you will make appropriate changes to guarantee the program's continued success.

Sincerely,



JOHN D. ROCKEFELLER IV
Chairman
U.S. Senate Committee on Commerce,
Science, and Transportation



EDWARD J. MARKEY
Member
U.S. Senate Committee on Commerce,
Science, and Transportation



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

The Honorable John D. Rockefeller IV
Chairman
Committee on Commerce, Science, and Transportation
United States Senate
Washington, D.C. 20510

Dear Chairman Rockefeller:

Thank you for your letter expressing your views on modernizing the E-rate program. Like you, I am deeply committed to ensure that the E-rate program continues to serve the purpose for which, under your leadership, it was established and remains strong and sustainable well into the future. Consequently, your input – as a founding father of E-rate – is very important to me. I will ensure that your letter is placed in the record of the proceeding, and given all due consideration as the Commission moves forward with E-rate modernization.

In your letter, you request that the Commission adopt reforms to E-rate that support multi-year applications and minimize paperwork for applicants. Further, while recognizing the importance of ensuring Wi-Fi connectivity inside classrooms and libraries, you suggest that basic Internet connectivity requests should be honored before Wi-Fi funding is available and that new methods for allocating support for Wi-Fi should be appropriately tested. Finally, you raise the issue of increasing the E-rate funding cap to meet present and future broadband needs of schools and libraries. I believe all the issues you raised were dealt with in the *Order*.

Concerning the first point, the *E-rate Modernization Order* adopted by the Commission on July 11, 2014, significantly simplifies the application process for funding requests that involve multi-year contracts and streamlines the overall application process. For example, the improvements contained in the *Order* expedite the review process for small dollar, cost-effective applications, mandate the electronic filing of all documents, and simplify discount calculations.

With respect to Wi-Fi, the *Order* takes significant steps to address the Wi-Fi gap in America's schools and libraries, setting an annual funding target of \$1 billion for Wi-Fi and establishing a more fair method for distributing funds so that ALL schools and libraries can benefit, including far more rural schools than in the past. This is an important step, given that 40 percent of classrooms are not currently Wi-Fi-enabled and nearly two-thirds of schools indicate that they do not have sufficient Wi-Fi capacity to meet their digital learning needs. Nevertheless, in recognition of your concerns, the *Order* ensures that adequate funding will be available for broadband connectivity to schools and libraries before funding is made available for Wi-Fi. Moreover, the new Wi-Fi support methodology has been established for the next two E-rate funding years as we continue to evaluate the long-term funding needs of the program.

The *Order* is a critical next step in the E-rate modernization process. And we have started this process in a responsible manner. We are targeting already available funds to meet the greatest current needs, and we are getting as much as we can out of every E-rate dollar. And, importantly, we are formally and expeditiously investigating the appropriate funding level for this program, based upon the steps we have taken to improve the structure and administration of the program. Specifically, the *Further Notice of Proposed Rulemaking* accompanying the *Order* specifically seeks comment on long-term program funding needs to meet the goals and funding targets established in the *Order*.

Prior to the July *Order*, E-rate was able to support Wi-Fi funding requests for less than five percent of schools and one percent of libraries. Over the next two years, the Commission's July *Order* will help up to 20 million students and thousands of libraries gain access to Wi-Fi, all while increasing Wi-Fi support available to both rural and urban areas and not compromising funding for Internet connectivity. However, more remains to be done in order to secure a sustainable future for E-rate. As always, I welcome your input and look forward to continuing to work with you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a stylized flourish extending from the end.

Tom Wheeler